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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

May 15, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

25 May 22, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL OF MEMORANDUM OF UNDERSTANDING WITH SOUTHERN CALIFORNIA
EDISON FOR ASSESSMENT AND EVALUATION OF UNDERGROUND FACILITIES - MARINA
DEL REY
(4TH DISTRICT) (3 VOTES)**

SUBJECT

Approval of a memorandum of understanding that provides for the Southern California Edison Company to conduct an engineering assessment of underground electric vaults in Marina del Rey and prepare a valuation package for these assets.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed Memorandum of Understanding is categorically exempt under Section 15309 of the California Environmental Quality Act, and Class 9 of the revised County of Los Angeles Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, as it relates to activities limited entirely to inspection of electric vaults and related structures.
2. Authorize the Chairman to execute an agreement approving a not to exceed total of \$135,000 to the Southern California Edison Company for inventory, assessment and valuation of underground electric vaults and related structures in Marina del Rey, which are owned by the County and operated by Edison.
3. Authorize the Director of the Department of Beaches and Harbors to increase the contract amount by up to 20% (\$27,000) for any additional or unforeseen services associated with the agreement and execute an appropriate amendment to the MOU if necessary to reflect said increase.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the Memorandum will authorize the Southern California Edison Company ("Edison") to carry out an inspection program to assess the conditions of County-owned underground electric vaults and appurtenant structures in Marina del Rey and to establish an economic value for these facilities.

The County owns the underground electric vaults and appurtenant structures and Edison owns the facilities and equipment it has installed therein. In consideration of the age of the vaults, the parties desire to implement an inspection program to inventory and assess their condition for the purpose of planning scheduled maintenance as well as to explore the feasibility of conveying such improvements to Edison.

Implementation of Strategic Plan Goals

The recommended action supports the County's Strategic Plan Goal 1, "Operational Effectiveness", by finding ways to improve efficiency of service delivery; Goal 3, "Community and Municipal Services", by ensuring the public infrastructure will be in good condition to deliver electricity to the County unincorporated community; and Goal 5, "Public Safety" by ensuring the electric delivery system is properly maintained to provide safety and security to the people of Los Angeles County.

FISCAL IMPACT/FINANCING

The total prepaid fee for Edison's service will not exceed \$135,000, to be paid in two equal installments from the Department's Marina Operating Budget. Upon completion, Edison will provide County with a final billing statement and issue a refund should Edison's cost be less than \$135,000. This fee covers Edison's cost to inspect and assess a subset of the total facilities to extrapolate a value for all County-owned underground facilities, with the subset to be agreed to by Edison and County at the start of the assessment. To the extent the parties determine an additional investigation or assessment of a larger subset is required, the parties shall meet and confer and negotiate a new memorandum of understanding for the subsequent inspections. The authorization for the Director to increase the agreement amount by up to 20% (\$27,000) and amend the MOU accordingly provides flexibility for the parties to complete the assessment. In the event the MOU is terminated by Edison due to no fault of the County, County will receive a full refund of all money paid.

Operation Budget Impact

There is sufficient appropriation in the Marina budget unit of the Department's FY 2011-12 Final Adopted Budget to cover the cost of the project.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 25, 1961, the County entered into an agreement with Edison whereby the County agreed to construct certain underground electric vaults and appurtenant structures in Marina del Rey and Edison agreed to install transmission equipment and supply electricity to the Marina. Upon completion of construction, the County retained title to all underground structures and Edison

retained title to all facilities and equipment which it installed. Under the 1961 agreement, the County is responsible for the cost if the underground structures require relocation or modification except when such relocation or modification is required so that Edison can increase its service capacity or so that it can install new equipment or modify existing equipment; under such circumstance Edison is responsible for the expenses.

During calendar years 2008 and 2009, the Marina experienced a series of blackouts whereby electricity became unavailable to cluster areas of the Marina. Up until then Edison had been operating, maintaining and repairing all the electric service delivery apparatus, including the underground electric vaults. However, as maintenance expenses escalated, Edison requested that the County start to reimburse it for its cost associated with maintenance of the vaults. The Department of Beaches and Harbors made two minor reimbursement payments to Edison and informed it that all future work must be prescheduled so that the Department may include the projected cost in its annual budget, if Edison intends to seek further reimbursements.

Due to ambiguity of the 1961 agreement and the advancing age of the underground electric vaults, the Department and Edison agree that an inspection program should be implemented to inventory and assess the condition of the County-owned underground vaults and associated structures. Furthermore, it is mutually beneficial to evaluate the remaining economic value of the vaults in order to determine whether it is feasible for the County to convey these electrical assets to Edison. Conveyance of these assets to Edison will release the County from the attendant responsibilities associated with the assets that are not necessary for County's primary purposes and will give Edison freedom to schedule, service and upgrade these facilities in the most efficient manner to reduce cost and improve service quality to Marina del Rey. Based on the results of the proposed inspection program, the Department will consider all options for managing these assets, including the possibility of selling them to Edison, and will return to your Board with a recommendation.

The attached Memorandum of Understanding Between County of Los Angeles and Southern California Edison Company for Assessment and Valuation of Underground Facilities in Marina del Rey, California, has been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

The proposed Memorandum is categorically exempt under Section 15309 of the California Environmental Quality Act, and Class 9 of the revised County of Los Angeles Environmental Document Reporting Procedures and Guidelines adopted as it relates to activities limited entirely to inspection of electric vaults and related structures.

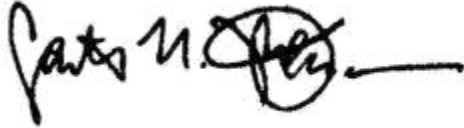
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Electric delivery service in the Marina may be improved as deficiencies are identified and a program to streamline service and delivery is implemented.

CONCLUSION

Please have the Chairman sign all three originals of the Memorandum and have the Executive Officer of the Board return two executed originals, and a copy of the adopted Board letter, to the Department of Beaches and Harbors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Santos H. Kreimann", followed by a horizontal line.

SANTOS H. KREIMANN
Director

SHK:KS:GJ:pw

Enclosures

c: Chief Executive Office
Acting County Counsel
Executive Officer, Board of Supervisors

**MEMORANDUM OF UNDERSTANDING BETWEEN
COUNTY OF LOS ANGELES AND SOUTHERN CALIFORNIA EDISON COMPANY
FOR ASSESSMENT AND VALUATION OF UNDERGROUND FACILITIES
IN MARINA DEL REY, CALIFORNIA**

This Memorandum of Understanding is made and entered into this 22nd day of May, 2012, by and between the County of Los Angeles (hereinafter "County"), and Southern California Edison Company (hereinafter "Utility").

RECITALS

WHEREAS, County and Utility entered into an agreement on July 25, 1961, which agreement provides for the parties to construct certain underground structures for provision of electrical services to Marina del Rey, California; and

WHEREAS, the 1961 agreement stipulates that County shall retain title to all underground structures and Utility shall retain title to all facilities and equipment which it installed pursuant to the agreement; and

WHEREAS, the 1961 agreement stipulates if the underground structures require relocation or modification, County shall do so at its own expense, except when such relocation or modification is required so Utility can increase its service capacity, or so that Utility may install new equipment or modify existing equipment, then such relocation or modification shall be at Utility's expense; and

WHEREAS, the parties desire to perform a detailed physical inventory and assessment of all such structures owned by County within the Marina del Rey proper to establish a value for these electrical assets for potential transfer to Utility.

AGREEMENT

NOW, THEREFORE, County and Utility agree as follows:

1. Utility agrees to conduct an engineering assessment of the underground electric vaults and appurtenant structures owned by County to determine the conditions and value of such structures. Utility, in its discretion shall determine the number and type of structures to analyze. Upon completion of inspection, Utility shall provide County with a Valuation Package that will contain a detailed list of inventoried assets, location maps and a final value assessment for all the assets.

2. Prior to commencement of inspection Utility shall provide County with an approximate work schedule and working maps identifying the underground vaults to be inspected. Utility shall apply to the County Department of Beaches and Harbors for a Right of Entry Permit and shall adhere to the conditions thereof. Said permit or any associated permits and rights required for this assessment shall be issued at no cost to Utility.

3. Utility shall be paid the sum of \$67,500 upon execution of this agreement (the "First Installment"). Within thirty (30) days following the execution of this Agreement, County shall pay a second installment of \$67,500 (the "Second Installment"). Upon completion of the project, Utility shall provide County with a final billing statement. To the extent the final billing statement demonstrates that Utility's costs were lower than the \$135,000 previously paid, Utility shall refund the difference to County within sixty (60) days.

4. In the exercise of their respective rights and obligations under this Agreement, County and Utility each act in an independent capacity, and neither is to be considered the office, agent, or employee of the other.

5. This memorandum of understanding shall not be construed to amend the terms or respective obligations of the 1961 Agreement.

6. This memorandum of understanding may be terminated by either party for any reason with five (5) days notice to the other. If termination is by County, Utility shall refund any unused portion of the deposit. If termination is by Utility by no fault of County, Utility shall refund the entire amount of deposit.

7. This memorandum of understanding covers Utility's inspection and assessment of a subset of the total installed facilities that will enable the Utility to extrapolate a value for all of the facilities installed within the predefined area agreed to by Utility and County at the start of the assessment. To the extent Utility determines that an additional investigation/assessment of a larger subset is required, the parties shall meet and confer and negotiate a new memorandum of understanding for the subsequent inspection. However, County shall not be relieved of its obligation to pay for the assessment and inspection set forth herein.

8. This memorandum of understanding does not commit Utility to purchase any of the County's assets inspected as set forth herein nor shall the funds paid be applied against a future purchase. County acknowledges and agrees that the payments made pursuant to this agreement are solely to cover Utility's costs and expense in conducting the engineering assessment outlined herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day, month, and year first above written.

SOUTHERN CALIFORNIA EDISON

THE COUNTY OF LOS ANGELES

By: 

REUBEN J BEHLIAHOMJI
Manager, Valuation Services, Controllers

By: 

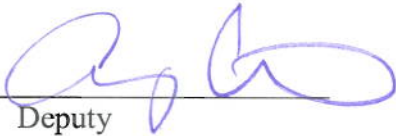
ZEV YAROSLAVSKY
Chairman, Board of Supervisors

APPROVED AS TO FORM:

County Counsel

By: _____

Deputy



ATTEST:

SACHI A. HAMAI

Executive Officer-Clerk of
The Board of Supervisors

By: _____

Deputy

